

Message Text

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42

ACTION EA-10

INFO OCT-01 ISO-00 IGA-01 EB-04 SP-02 L-01 INR-05 SWF-01

RSC-01 /026 W

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P 011050Z NOV 74

FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC PRIORITY 8178

C O N F I D E N T I A L PHNOM PENH 14678

STADIS////////////////////////////////////

FOR ASST SEC HABIB FROM AMBASSADOR DEAN

E.O. 11652: GDS

TAGS: EAID, CB

SUBJECT: AID PAYMENT OF OCEAN FREIGHT OF PL 480 COMMODITIES FOR
CAMBODIA

1. ONE OF THE GREATEST BURDENS ON OUR ECONOMIC ASSISTANCE PROGRAM IS THE PAYMENT OF PL 480 FREIGHT WHICH WE ESTIMATE WILL TOTAL OVER DOLS 50 MILLION THIS FISCAL YEAR. THE PAYMENT OF FREIGHT BY USAID IS DIVERTING AN INORDINAE AMOUNT OF RESOURCES THAT ARE OTHERWISE NEEDED TO KEEP THE GKR'S ECONOMY AFLOAT. IF USAID HAS TO ABSORB THE FULL DOLS 50 MILLION FREIGHT BILL THIS FISCAL YEAR, THE CORRESPONDING DROP IN IMPORT LEVELS WILL SEVERELY UNDERMINE THE ALREADY PRECARIOUS ECONOMIC SITUATION HERE.

2. I UNDERSTAND THAT USDA WILL SHORTLY HAVE THE LEGAL AUTHORITY AND THE FUNDS TO ASSUME PAYMENTS FOR THE PORTION OF PL 480 SHIPMENTS REQUIRED TO BE SHIPPED ON U.S. FLAG VESSELS, AND FURTHERMORE THAT IN ANTICIPATION OF THIS A MEMO HAS BEEN PREPARED FOR SIGNATURE BY THE ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS WHICH ADVISES THE SECRETARY OF AGRICULTURE OF THE IMPENDING TRANSFER OF THE FUNDING RESPONSIBILITY FOR U.S. FLAG
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FREIGHT FROM AID TO USDA. I ALSO UNDERSTAND THAT AID'S

GENERAL COUNSEL IS INVESTIGATING THE POSSIBILITY OF
MAKING THIS TRANSFER RETROACTIVE FOR ALL OF FY 75.

3. I HAVE JUST SIGNED A PL 480 AMENDMENT INCREASING
THE TOTAL RICE TO BE DELIVERED UNDER OUR FY 75 AGREEMENT
FROM 100,000 TO 200,000 MT. THE RICE IS TO BE SHIPPED
SHORTLY AND USAID IS FACED WITH THE PROSPECT OF FUNDING
THE OCEAN FREIGHT FOR THIS ENTIRE AMOUNT. IN THE
ABSENCE OF A FAVORABLE DECISION ON RETROACTIVITY, THE
EVENTUAL SOLUTION COULD BECOME ACADEMIC SINCE USAID WILL
HAVE ALREADY PAID MOST OF THE FREIGHT BILL THEMSELVES.

4. I WOULD APPRECIATE YOUR ACTIVE INTERVENTION ON TWO
FRONTS; FIRST, TO EXPEDITE THE SIGNATURE OF THE PROPOSED
MEMO FROM DR. KISSINGER TO THE SECRETARY OF AGRICULTURE;
AND, SECONDLY, TO URGE AN EARLY AND FAVORABLE DETERMINATION
ON RETROACTIVITY.
DEAN

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Message Attributes

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